



June 13, 2005

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The Honorable Bill Thomas
United States House of Representatives
2208 Rayburn House Office Building
Washington, DC 20515

Sent via Fax: 202-225-8798

Dear Chairman Thomas:

As the United States Congress now considers the Central American and Dominican Free Trade Agreement (DR-CAFTA), it should recognize the stunning progress that the region has made. The spread of peace and democracy in Central America over the last two decades is a remarkable success story. CCAA believes that DR-CAFTA will help to ensure this progress continue for the benefit of both the region and the United States.

In 2005, all five Central American republics and the Dominican Republic are peaceful democracies and strong allies of the United States. This would have seemed an impossible dream at the beginning of the "lost decade of the 80's". The region's undeniable progress and the resultant political and economic stability are truly powerful developments that must be celebrated and encouraged. Yet the cruel reality of endemic poverty persists, threatening these fragile gains and providing a stark reminder that we must not take our neighbors to the near south for granted.

In Central America, only Costa Rica exceeds per capita GDP of \$2,000. Nicaragua, the poorest of the countries, ranks above only Haiti in the Western Hemisphere. The region's desperate need for jobs has resulted in massive emigration, both legal and illegal. In 2004, financial remittances from emigrants, mostly living in the U.S., to the five Central American countries and the Dominican Republic amounted to \$9.9 billion. Foreign remittances account for 10 - 20% of the total GDP of these countries.

Fundamental to combating poverty and consolidating democracy in Central America is the popular acceptance of the pro-U.S. and pro-business policies of the current governments, all of which have staked their future on the success of the Central American and Dominican Republic Free Trade Agreement with the U.S (DR-CAFTA). The prospects of these governments are inextricably tied with improved trade with the U.S. and the promise that the resultant increased investment flows bring for both retaining and creating jobs.

DR-CAFTA is a critical milestone along the path to sustainable economic development primarily because it consolidates the process of reform, liberalization and integration currently underway in the region. DR-CAFTA serves to accelerate the modernization of these societies while rewarding their extraordinary sacrifice in pursuing the American Dream of free societies and open economies. DR-CAFTA provides a

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much needed boost to the institutional frameworks that are so necessary for liberty and freedom to flourish. Democracy is critically linked to the confidence of the people in the integrity of their leaders, the need for jobs in their homeland, and the hope for a better future for their children.

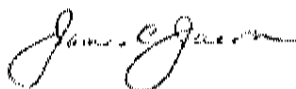
DR-CAFTA and increased trade with the U.S. are key ingredients for the continued prosperity of Central America. Long-term, additional foreign investment to create jobs that can compete in a global economy is indispensable. Initially, U.S. and multilateral foreign development assistance will be required. To this end, Nicaragua and Honduras have been identified by the U.S. Government as eligible for receiving Millennium Challenge assistance because of their improved performance in relation to the key criteria of "ruling justly, investing in their people, and encouraging economic freedom".

Most importantly, the Central American governments and their private sector must reaffirm their unwavering commitment to improve life for the majority of their citizens. DR-CAFTA must work for all sectors of society. The FTA has been a galvanizing force for the governments and the private sector in the region to reach out to Civil Society. The expected ratification of DR-CAFTA by all six countries is a demonstration of the political will of these governments to change the status quo and work together towards a better common future.

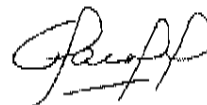
All of this makes U.S. Congressional approval of DR-CAFTA crucial. We understand the concerns of some opponents in Congress that labor standards in the region are inadequate or that a stronger enforcement mechanism is needed. While demonstrable progress has been made by these countries over the last decade and their constitutions and laws mostly comply with the core labor standards set forward by the International Labor Organization, we acknowledge the need for proper enforcement. We believe that the approval of DR-CAFTA will be a powerful lever to accomplish the funding necessary for enforcement of labor standards in the near future.

The stronger economic ties with the U.S. resulting from DR-CAFTA will motivate these countries to continue their march towards regional integration, economic opportunity, social equality, and open democracy.

Sincerely,



James Jacobsen
Chairman, CCAA



Federico Sacasa
Executive Director, CCAA

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